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SEC Texting Sweep Hits 12 Muni Advisors.

The Securities and Exchange Commission's crackdown on texting and the use of unauthorized messaging apps continued Tuesday with 12 municipal advisors being charged more than $1.3 million in combined fines for failures by the firms and their personnel to maintain and preserve certain electronic communications.

The actions included employees at multiple levels of authority — including supervisors — communicating with regard to municipal advisory activities both internally and externally by text messages.

The firms admitted the facts set forth in their respective SEC orders, acknowledged that their conduct violated recordkeeping provisions of the federal securities laws, have begun implementing improvements to their compliance policies and procedures to address the violations, and agreed to pay the following civil penalties:

- Acacia Financial Group Inc., $52,000
- Caine Mitter and Associates Inc., $94,000
- cfX Inc., $42,000
- CSG Advisors Inc., $40,000
- Kaufman Hall & Associates LLC, together with Ponder & Co., $324,000
- Montague DeRose & Associates LLC, $40,000
- PFM Financial Advisors LLC, $250,000
- Phoenix Advisors LLC, $40,000
- Public Resources Advisory Group Inc., $184,000
- Specialized Public Finance Inc., $250,000
- Zions Public Finance Inc., $47,000.

"The books and records requirements are critical to facilitating Commission inspections and examinations of municipal advisors and in evaluating a municipal advisor's compliance with the applicable federal securities laws," said Rebecca Olsen, deputy chief of the SEC's Division of Enforcement Public Finance Abuse Unit, in a statement.

"Municipal advisors are encouraged to assess their recordkeeping practices relating to off-channel communications. Firms that believe their practices do not comply with the securities laws are encouraged to self-report to the SEC's Enforcement staff."

As described in the SEC's orders, the firms admitted that, during the relevant periods, they failed to maintain and preserve communications sent and/or received by their personnel relating to municipal advisory activity and that these communications were records required to be maintained and preserved under the federal securities laws.

ThinkAdvisor

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